



Nevada Department of Business and Industry  
Office of Business Finance and Planning

# Mini Bonds

## Low Cost Financing

(2-3 points below typical commercial rates)

**For Real Estate, Buildings, and New  
Equipment in Amounts  
\$500,000 to \$3,000,000 or more**



## **TAX EXEMPT PRIVATE ACTIVITY BONDS**

Industrial Development Bonds (IDB's) are a special tax-exempt form of financing made available by the State of Nevada to finance qualified projects at interest rates substantially below comparable commercial rates. The Office of Business Finance and Planning offers financing for the following:

- Manufacturing Facilities
- Solid Waste or Recycling Facilities
- Non-Profit facilities for Health Care, Assisted Living, Educational, Civic or Cultural activities owned and operated by qualified non-profit organizations
- Renewable Energy Projects

### **MANUFACTURING FACILITIES**

A wide range of manufacturers may benefit from tax-exempt financing, subject to the following eligibility guidelines:

- Bond proceeds must be used to finance a capital project for manufacturing, production, or processing of consumer products. This includes the costs for the purchase of land, construction of buildings and acquisition/installation of new equipment.
- Total capital expenditures (including bond proceeds) for the project cannot exceed \$10 million in the jurisdiction (county or city) where the project is located.
- The borrower cannot have more than \$40 million of IDB's outstanding at any one time.

- No more than 2% of bond proceeds can be used to pay closing costs, excluding certain credit enhancement fees such as the letter of credit annual fee or origination fee. Closing costs in excess of 2% are paid directly by the borrower. For example, a \$5 million IDB allows for the financing of up to \$100,000 of closing costs.
- No more than 25% of bond proceeds may be applied to the purchase of land.
- Borrowers must demonstrate that the project provides public benefits, e.g., job creation or retention, economic diversification, expansion of tax base or increase in exports.

## **ENVIRONMENTAL, NON-PROFIT, AND OTHER QUALIFIED PROJECTS**

Tax-exempt bond financing is also available to qualified businesses that process solid waste materials and recyclables. Financing is also available to qualified non-profit corporations that are organized under 501(c)(3) of the Internal Revenue Code, and serve or promote a charitable purpose. These types of organizations can include community service, educational, and cultural institutions such as schools, health care, senior/assisted living facilities and museums.

## **MINI BONDS**

The Office of Business Finance and Planning has partnered with several financial institutions to offer low cost financing in amounts from \$500,000 to \$3,000,000 for qualified projects. Mini Bonds are a type of IDB that can be issued in smaller amounts and in a shorter period of time because they are purchased directly by participating institutions. Although borrowers

must be credit worthy and present financially feasible business plans, Mini Bonds offer substantial benefits over conventional IDB financing:

### TIME

- Conventional IDB financing can take three to six months or more to complete
- Mini Bonds can be issued in 30-90 days

### EFFORT

- Conventional IDB financing involves larger documentation requirements and usually requires the borrower to assemble a team of bond professionals
- Mini Bonds use pre-assembled documentation and the financing team is already assembled and ready to review your application

### EXPENSE

- Cost of issuing conventional IDBs includes trustee, financial advisor, bond counsel and other fees
- Mini Bonds do not require trustees or financial advisors and, because documentation is standardized and formal approvals have been eliminated, direct expenses and fees for other professionals are reduced

## MINI BOND PARTNERS

The following institutions have partnered with the Office of Business Finance and Planning to purchase Mini Bonds to finance qualified projects. Some institutions cannot finance real property:



***GE Public Finance***



**Key Municipal Finance**

Borrowers interested in financing their project with Mini Bonds file a simple application with the Office of Business Finance and Planning. Their application is then reviewed by the program's financial partners who, if interested in financing the project, submit a proposal to the borrower. The borrower then negotiates final terms with its selected lender.

## **LET THE STATE OF NEVADA HELP WITH YOUR INDUSTRIAL FINANCING NEEDS**

Visit our web site for additional information and  
application materials:

**<http://dbi.state.nv.us/bfp/>**

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